

U.S.-Panama Trade Promotion Agreement Market Access Results

Aircraft and Related Equipment

Trade and Tariffs

This sector corresponds to the World Trade Organization's Agreement on Civil Aircraft.

Aircraft and related equipment accounted for 8.5 percent of U.S. industrial exports to Panama in 2006, totaling \$186 million. The top U.S. exports to Panama in this sector were aircraft and parts, turbojets, helicopters, and turbo propellers. Panamanian tariffs range between zero and 15 percent with an average of 10.6 percent.

Panamanian exports to the United States in this sector totaled \$52 thousand in 2006, which is less than 1 percent of industrial exports to the United States. Top Panamanian exports in this sector were gas turbine parts and instruments for navigation and radar. The United States is a signatory of the WTO Agreement on Civil and applies zero duty on all aircraft products on a MFN basis.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

One hundred percent of U.S. aircraft and related equipment exports, including high value products such as aircraft, helicopters, radio equipment, and other aircraft parts will receive duty-free treatment immediately upon implementation of the Agreement. Duties on certain asbestos products with negligible trade will be eliminated over ten years.

The United States, as a party to the WTO Agreement on Trade in Civil Aircraft, applies duty-free treatment on an MFN basis to these products.

Non-Tariff Barriers

Panama will eliminate its prohibition on the importation of remanufactured agricultural equipment, as defined in Chapter 4—Rules of Origin, on entry into force of the Agreement.